

## **Industry Sector Analysis**

### **Property and Tourism Sector**

#### **U.S. Commercial Service**

#### **European Bank for Reconstruction and Development**

## INDUSTRY SECTOR ANALYSIS (ISA)

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PROPERTY AND TOURISM SECTOR

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## **SECTION 1: EXECUTIVE SUMMARY**

The Property and Tourism sector plays a key role to the process of economic transition and development in the Central Eastern Europe (CEE)/ Commonwealth of Independent States (CIS). Sector transition is the main aim of improving Property and Tourism. The EBRD acts as a risk-taker for opening markets that can aid countries in shifting from an industry-based market to a service-based market. Property and Tourism enhancement triggers development of the basic business infrastructure expected by foreign investors as a prerequisite to their investment in a particular country and the sustained expansion of their business in capital cities, thereby slowly bringing these countries the skills and capital to develop their own retail, leisure, and residential markets.

This Industry Sector Analysis, produced by the Advocacy Center, U.S. Commercial Service Liaison to the European Bank for Reconstruction and Development (AC-EBRD), aims to:

1. Give an overview of EBRD activities in this sector;
2. Outline recent developments in the sector;
3. Show the EBRD's priorities for this sector;
4. Advise U.S. companies on how to work with the EBRD.

The Commercial Service Liaison to the EBRD exists to help U.S. companies identify opportunities at the EBRD—in public sector project procurement, private sector project sponsorship, and consultancies. The Commercial Service Liaison also develops and promotes U.S. companies' business interests in the EBRD countries of operation.

Many opportunities for U.S. companies exist in the procurement process. If a U.S. company is interested, it is encouraged to bid on a public procurement notice. Opportunities for U.S. companies to seek private sector finance from the EBRD for specific projects also exist if the proposals are congruent with the current EBRD goals and objectives in the industry and the

country. There are also indirect opportunities for U.S. firms that may be interested in being sub-contractors supplying technology, equipment and consultancy services.

## **SECTION 2: INTRODUCING THE EBRD**

This Industry Sector Analysis (ISA), prepared by the U.S. Commercial Service—EBRD, is part of a series detailing opportunities for U.S. firms in industry sectors in which the European Bank for Reconstruction and Development (EBRD) has a special focus or interest.

The EBRD is one of the most important sources of investment in the CEE/CIS region. In many countries, EBRD involvement attracts investors who would not otherwise invest in the area. Thus, there are important opportunities for U.S. firms willing to make the effort to bid on EBRD projects.

The EBRD was set up in 1991 to aid the former communist countries in Central and Eastern Europe and the Independent States in their transition to market economies. Applying sound banking principles, the EBRD works with corporate partners to finance projects in both the private and public sector. The EBRD is a long-term reliable business partner with expertise across a broad range of sectors that provides innovative and flexible solutions to public and private companies' financial needs. For more information, look at [www.ebrd.com](http://www.ebrd.com).

The EBRD operates in 27 countries, which are classified as advanced transition countries, early/intermediate transition countries, and Russia.

Countries classified as advanced transition are: Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, and Slovenia. The later eight, known as the EU Eight, joined the European Union on May 1, 2004.

Countries classified as early/intermediate transition countries are: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Former Yugoslav Republic of Macedonia, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Romania, Serbia and Montenegro, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. Romania and Bulgaria are currently the next countries slated to join the EU in 2007-2008.

The United States (U.S.) is a founding member of the EBRD, provides the largest capital subscription-shareholding (€ 2 billion or 10.1%), and is a major partner of its lending and investment activities. Unlike other multilateral development banks, the EBRD focuses on the development of the private sector and the infrastructure to support it, as well as transition to multi-party democracy and role of free market forces.

**Every EBRD investment must:**

- Help move a country closer to a full market economy: the transition impact
- Take risk that supports private investors and does not crowd them out
- Apply sound banking principles

**Through its investments, the EBRD promotes:**

- Structural and sectoral reforms
- Competition, privatization, and entrepreneurship
- Stronger financial institutions and legal systems
- Infrastructure development needed to support the private sector
- Adoption of strong corporate governance, including environmental sensitivity

**Functioning as a catalyst for change:**

- Promotes co-financing and foreign direct investment
- Mobilizes domestic capital
- Provides technical assistance

Funding from the EBRD is available to U.S. companies, as well as almost all other international firms.

Many U.S. companies from a broad range of industries have been successful in working with the EBRD since 1991. There are three main ways to work with the EBRD:

As borrowers or investors – in private sector projects with EBRD participation.

As bidders, tenderers or contractors – on EBRD projects carrying out works, or supplying goods and services on public and private sector projects

As consultants – carrying out projects, as well as general operational and technical assistance on behalf of the EBRD.

The EBRD is not an import/export bank, and as such, does not fund directly the exports of goods and services. The EBRD also does not provide grants. However, its funding or involvement in projects may result in the financing of goods and services related to those projects. Donor grant trust funds are managed by the EBRD for specific consultancies based upon the procurement requirements of the respective donors. In addition, some of the financial institutions and banks and some of the funds that the EBRD has helped to establish, however, are sources of finance to local companies for the import of goods and services, such as the trade facilitation program.

This document is designed to alert U.S. companies to familiarize themselves with EBRD activities and opportunities in the Property and Tourism sector. More detailed information on working with the EBRD may be found at the end of this document. Property and Tourism in CEE/CIS countries is a vibrant and vital industry as well as a crucial catalyst for the overall economic development of the region, and there is a wealth of opportunities for U.S. companies to become involved in the development of the industry.



## **SECTION 3: INTRODUCING PROPERTY AND TOURISM**

The property market involves space that can be utilized for warehousing, offices, hotels, retail space, and residential developments. The EBRD's definition of the Property sector includes most of the Real Estate and Accommodation standard industrial classification codes (SIC). The EBRD supports Property and Tourism because it contributes to the EBRD's goal of promoting market progression. The development of the property sector facilitates the transition process to a strong market economy, as various elements of the business environment must join forces and evolve together. The EBRD finances in the Property and Tourism sector with the following objectives:

1. Promoting private sector investment through equity and debt financing and creating long term investment vehicles and new products for local and foreign investors in order to promote both the primary hotel and property markets as well as the secondary markets.
2. Participating in smaller projects through direct sector specific investment funds and credit lines aimed at supporting SMEs.
3. Supporting projects that transfer technology, knowledge and management skills to the property and tourism markets.
4. Developing the local construction and building materials sectors.
5. Supporting environmentally sustainable development projects including projects that support urban regeneration.

The EBRD's projects in Property and Tourism promote the transfer of knowledge, technology, and management skills. Investments in the property sector in particular bring opportunities for growth to local construction companies and building materials suppliers, as well as skills in service sectors such as hotel management or logistics. These projects funded by the EBRD also promote the improvement of underprivileged areas through investments that focus on urban renewal and environmentally sound practices. The EBRD also simplifies the process for internal companies in receiving clearance for projects through active and regular discussion with government officials, covering vital topics including property rights and mortgages. The EBRD

is thorough in tracking down the legality of land financing, and the policy dialog with governments and institutions in its borrowing countries is an integral aspect of the EBRD's ability to structure financing in a way that will reduce risk. The EBRD's primary aim is to attract foreign investment, and, as appropriate, local investment in the early/intermediate transition countries and Russia through the development of hotels and office space. The additional capital brought in by foreign investors allows the country to begin concentrating on internal market improvements such as stimulating goods production through improved warehousing and logistics. Finally, in the last stage, advanced and internally efficient countries with growing purchasing power can concentrate on domestic retail, leisure, and residential enhancement.

### **Profitability of the Sector:**

Property is among the EBRD's most profitable sectors in senior lending. The EBRD provides financing for stand-alone property developments, multi-project facilities, equity investments, and direct investment facilities. The EBRD uses various types of loans, ranging from junior subordinated debt, including mezzanine finance, to senior loans. The EBRD is the only multilateral development bank to do mezzanine financing. Based on the Bank's existing portfolio, the expected gross annual return for senior lending is approximately 4.25% to 4.50% over the London Interbank Offered Rate (LIBOR). A typical senior loan tenor for the EBRD in the Property and Tourism sector is ten years, although extending maturities even further in accordance with international real estate norms is one of the EBRD's transition objectives for the future.

The existing portfolio of mezzanine products produces an estimated annual return on assets of approximately 14.5% to 15.0%. The EBRD's mezzanine products have included subordinated debt and equity involving pre-agreed exit prices with sponsors.

Internal rates of return for the EBRD's equity investments in the Property and Tourism sector are expected to be in the region of 19.0% to 20.0%. The average risk rating of the property portfolio is 5.5.

## **SECTION 4: COUNTRIES OF OPERATION STRATEGIES**

This section aims to outline the EBRD's strategy in the Property and Tourism sector in key countries, as well as show examples of projects undertaken in the sector.

### **Azerbaijan:**

The economic growth currently occurring in the country will increase demand for modern, technologically advanced commercial office space. The EBRD will seek to support investments in this sector as well as in the areas of retail developments and hospitality. The legal environment in which these investments would be made requires significant work, as Azerbaijan currently lacks positive features such as questionable security over property due to unclear and confusing legal provisions. The EBRD, along with other members of the donor community, will continue to work towards the development of a centralized mortgage registry and the other components of a legal environment in which a meaningful collateral interest can be established. The EBRD is currently providing technical assistance to the Ministry of Economic Development for the creation of this system, which would be comprehensive, efficient and transparent. The EBRD has been promoting this type of system for many years and has helped set up debtor-based movable property registry systems in a number of countries, including Hungary, Slovakia, Latvia, etc.

The office building development project, Landmark 1, a US\$ 10 million project, was launched to achieve demonstration effects through long term maturity of senior project financing, foster linkages between local service providers and the oil and gas industry, implement western standards of corporate governance and reporting, and improve the availability of modern Class A office buildings to meet the demand for quality office space in the under-developed local market.

**Bulgaria:**

The EBRD's investment activity in the Property and Tourism sector in Bulgaria addresses the transition problems that Bulgaria currently faces. The EBRD selectively supports projects that will bring desirable office and retail space as well as modern managerial and technical skills to help boost the under-developed local markets. Land is fully tradable domestically, with the restrictions currently applying to foreigners to be lifted for EU members at the time of EU accession expected in 2007-2008. The sector is developing fast, and both private developers and institutional investors in real estate are appearing in the country, with the focus on the capital, coast, and mountains. Restructuring of the tourism sector has progressed and there is some good new market entry by reputable foreign investors. The EBRD supports the upgrade of hotels along Bulgaria's Black Sea Coast, where the EBRD is currently considering tourism development. Plans for bringing international health, safety, and environmental standards to Bulgaria's hotel infrastructure are in progress.

In 2005, the EBRD brought direct investments to Bulgaria in the Property and Tourism sector. Signed projects in Bulgaria have included developments in regional real estate; commercial property projects such as office buildings, warehousing/distribution, and retail shopping centers; and equity investments in leading property developers and operators.

**Croatia:**

Leisure tourism plays a significant role in economic progression in Croatia. The EBRD focuses on bringing recognition of international standards as well as privatization to state-owned and controlled tourism infrastructure facilities such as airports, roads, and sanitation facilities. Croatia has seen the greatest volatility in leisure tourism over the last ten years, but also represents the most attractive market for investment at this time given its favorable climate, attractive coastline, and extensive tourist infrastructure. Historically, tourism has been a powerful driver in the Croatian economy, accounting for between 10% and 12% of the total GNP and providing direct employment for 180,000 individuals at its peak in 1989. Since 1995, international tourist arrivals in Croatia have been on a steady increase, excluding a short-term halt by the Kosovo crisis in 1999. The EBRD is currently actively involved in the appraisal of a large resort investment that may soon progress.

The EBRD has financed over €12 million to Property and Tourism sector projects in Croatia. These projects have included the Europolis II commercial property development project, private equity funds, and the upgrade and expansion of hotels.

### **The Czech Republic:**

The real estate sector in the Czech Republic is developing at a rapid pace, as new types of property as well as financing instruments are pouring into the market. However, approximately one-third of the residential market, most importantly in Prague, is subject to non-targeted rent control and benefiting from government subsidies. The EBRD is currently concentrating on developing a secondary property market. The EBRD is also cooperating with the European Union, which has committed € 1,492 million in structural funds with tourism development as a top priority. The EBRD has a signed project with The European Property Group which aims to expand the portfolio of a key developer in the Prague property market via acquisitions and developments of office, retail and mixed development commercial property projects with equity finance provided by the EBRD. The transaction encourages the development of a secondary property market through planned IPO and through acquisitions of completed properties

### **Hungary:**

The real estate sector of Hungary has also developed very quickly, and the EBRD is now focusing on private sector involvement in operation of industrial parks, development of logistic centers as well as in major tourism, and city/cultural rehabilitation projects. The main issue is the subsidization of residential housing by the government.

### **Kazakhstan:**

The EBRD will focus on assisting the Kazakh corporate sector in its modernization and restructuring process through financing efficiency improvement programs of medium and large Kazakh companies. In this context, the EBRD will continue to encourage the establishment and improvement of good corporate governance practices as one of the conditionalities of any facility provided. The EBRD will continue to support the entrance and business expansion of reputable foreign strategic investors and facilitate their role in transferring technology and skills,

enhancing competition, setting quality, productivity, environmental, and other standards for entire industries. Priority will be placed upon projects that promote economic diversification away from the natural resource extraction standard. Selective support will be offered to projects that promote better office space, logistics/warehouse, hotels, and retail infrastructure (and in tourism where possible), in response to demand, via a variety of financing instruments, appropriate for small and medium size projects.

The EBRD signed a loan to finance the Tural Alem Towers, a project targeting construction, leasing, and managing of an office development in Almaty, Kazakhstan. The project's objectives involve stimulating greater competition in the high quality property sector. This would allow businesses to reallocate to the higher standard premises at an affordable cost. It would also contribute to the developing skills of the local sub-contractors to produce construction works of international standard quality.

### **Kyrgyz Republic:**

The property and tourism sector shows increasing vibrancy, largely due to increasing investment in Bishkek and Issyk Kul by Kazakh investors. The EBRD will also seek larger projects suitable for direct financing. There is increasing interest in both retail housing development and in commercial offices and markets. The EBRD will seek to build upon experience gained in the successful Ala Archa DIF investment as well as the Hyatt Hotel financing.

In 1997 the EBRD lent € 8.4 million to Italkyr, a Kyrgyz joint-stock company supported by the international hotel operator Hyatt International Corporation. The loan was used to convert Hotel Kyrgyzstan, an existing hotel located in the centre of Bishkek, into a five-star international standard hotel, at a total project cost of € 24.5 million. The project also supports the development of the nascent tourism sector. Hyatt Regency Bishkek opened in March 2001, providing Bishkek and the Kyrgyz Republic with its first world-class accommodation for business and tourism.

**Moldova:**

The substantial remittances and the consumption-led growth that ensued in Moldova have fuelled a retail and property expansion. Both sectors registered significant growth over recent years, especially in the capital city of Chisinau. Existing local supermarket chains have expanded, while international brands such as Metro have entered the market. In addition, several shopping malls have appeared, and others are currently being built. The retail expansion has occurred in parallel with increased property development as demand for commercial real estate, retail infrastructure, and warehouses has risen. The retail and property expansion has had positive repercussions for the transport, building materials, and construction sectors. The EBRD will continue to pursue investment in the Property sector as it looks for opportunities to support offices, logistics and retail infrastructure, mortgage finance facilities, and residential development.

**Poland:**

In the property sector, the EBRD continues to encourage institutional development supporting the launch of a property fund (Polonia Property Fund) which will focus to an important extent on investment in regional cities and sponsor developments and/or redevelopments resulting in international-standard buildings that are attractive to institutional users and investors. The EBRD also supported the growth of residential real estate through the provision of the first mezzanine finance to a local residential real estate developer (DOM Development S.A.). This is one of the EBRD's first initiatives in the residential property sector; it is expected to increase the availability of quality residential real estate development, which is considerably lagging behind other property sub-sectors. Financing for residential developments to date has been derived primarily from shareholder equity, buyer deposits, and asset backed bridge facilities. Providing DOM Development S.A. with mezzanine finance makes a new financial product available to the constrained debt market currently available to developers and minimizes the risk to buyers of residential properties under development. The financing of the Europa Distribution Center is expected to contribute to the improvement of supply-chain efficiency in Poland through the development of international standard warehousing and logistical systems, therefore lowering the cost of logistics and increasing competition in the finished goods sector.

As the property sector in Poland has experienced strong development in many segments, to ensure additionality, the EBRD will focus on providing higher-risk financing instruments in the form of mezzanine and equity finance to complement available bank financing to developers as access to such funding is not readily available. This will also include wholesale instruments aimed at reaching SMEs ranging from senior and mezzanine debt to debt risk-sharing facilities. Additionally, the EBRD will continue to support regional projects with a variety of financing structures depending on available funding in the marketplace which improve the attractiveness of the regions for foreign direct investment as well as residential housing as the demand for quality, affordable residential housing continues to be unmet. Furthermore, as a mechanism to reduce operating costs of a variety of Polish corporates and increase competitiveness, the EBRD will promote leasing solutions, including sale and leaseback of real property. While such transactions have started to appear; they have been limited to prime corporates.

### **Romania:**

The EBRD's main objectives in Romania involve promoting better office, logistics/warehouse, and retail infrastructure through offering selective support based on demand. As GDP grows and required legal frameworks are put into place, there will be an increased demand for residential developments. The increased focus on these residential developments will enable bank mortgage finance to develop over the long-term. The EBRD also aims to support the development of hotels and other tourism-related facilities in response to demand in the capital city and the regions of the country.

Signed projects have included international-standard warehouse development, new retail and office space, and hotel refurbishment and expansion.

### **Russia:**

In the Property sector, retail development has been pursued in which planning permits, traffic impacts, and public consultation issues have been addressed through the due diligence process. Anticipating further development in the retail sector, the integration of urban planning, traffic impact, and fire safety issues into project designs will be increasingly important for the sector's operation in Russia.



Central Russia remains a key target for EBRD development project financing. In the property development and retail sectors, the continuous effort towards transparency and quality of the developments will be further enhanced in all property related projects while in parallel the EBRD will promote the regional expansion in the sector. The EBRD will also encourage and participate in the development of two to three star hotels in the main regional cities. Public consultation will also be increasingly important for the sector's operation in Russia and will be encouraged by the EBRD.

In March 2005, the EBRD signed a contract with Vinci Construction Grands Projets, a leading Western developer, to create the Piter Raduga Shopping Mall, designating St. Petersburg's first retail shopping mall. The EBRD placed an equity guarantee for completion of the project and financed a 10-year senior loan of up to € 65 million, with € 32.5 million to be contributed on the EBRD's own account. The loan provided a leverage to the project of up to 55%.

### **Serbia and Montenegro:**

Priority is given to projects in the property sector, as there is significant demand for good office, retail, and housing space, despite the stage of early development for this sector. The development of tourism is one of the Montenegrin Government's priorities for attracting foreign direct investment, and the EBRD will provide long-term finance alongside strategic investors. The EBRD's future support to larger regional companies involved in this sector should contribute to an increase in the number of foreign visitors. The EBRD will also help to provide the necessary infrastructure for tourism through its work on transport and infrastructure projects such as the (already signed) airport rehabilitation project, a new wastewater treatment system, and a new roads project.

In Serbia, the EBRD will continue to facilitate the development of quality hotel and office infrastructure in major cities, primarily in Belgrade. In addition, the EBRD will look for opportunities to selectively support residential developments and other projects that promote better logistics and retail infrastructure, both directly and (for residential development) indirectly through mortgage finance facilities approved for eligible local banks.

### **The Slovak Republic:**

In the property and tourism sector, focus on the introduction of new equity-type instruments for international standard warehousing and logistics management, hotels in regional centres with growth potential, residential developments, and selectively supported tourism projects have been the EBRD's operational priorities in the Property and Tourism sector. The EBRD has financed the Polus Centre, a 57,300 sq m shopping, entertainment, office, and parking facility located in the Nove Mesto district of Bratislava. The project aimed to create an efficient, consumer-oriented operational environment in the property sectors to encourage follow-on foreign investment, both directly in the property sector and indirectly through foreign businesses operating in the Center, as well as creating significant employment opportunities for the local population during its construction and operational phases.

### **Slovenia:**

In Slovenia, it appears that starting and closing a company or registering a property takes longer and is more expensive; hiring and firing workers as well as employment conditions remain more complex and rigid; and enforcing contracts takes much longer. The EBRD is still working on improving commercial flexibility and enhancing the competitive environment in Slovenia. A brand-new Law on Property Rights, intending to modernize the system and to provide the much-needed commercial flexibility in the regime for security on movable and immovable property, was adopted in 2002, and has changed considerably the way secured transactions can be structured. Signed projects in Property and Tourism have included a development of a regional real estate property portfolio and equity investments for developers.

### **Tajikistan:**

The property market in Tajikistan is at early stages of development, but the EBRD will make use of the recently launched Early Transition Countries Initiative (ETCI) products to explore opportunities for direct financing in Property and Tourism. There has been some progress when, in March 2005, a law on pledge of movable property was adopted. New hotel projects are developing in the capital and main cities.

## **Ukraine:**

Key goals in the Property and Tourism sector in Ukraine include increasing the number of hotels of international standard, particularly in Kyiv and other major cities and resorts; privatizing and upgrading state-owned hotels; supporting the development of tourism related small and medium businesses; promoting the development of modern logistics and warehouse infrastructure; and increasing the supply of office and retail premises of international standard in Kyiv and other major cities.

Opportunities for the EBRD in Ukraine's property sector remain limited due to an absence of sponsors able or willing to meet the EBRD's transparency criteria. However, the EBRD plans to make an impact in those areas of the sector where high international business standards apply. The EBRD will offer selective support to projects that promote better hotel, logistics/warehouse, office space, and retail infrastructure in response to demand. The EBRD will provide mainly senior debt or a combination of debt, mezzanine debt, and equity supported by agreed exit. In respect of the specific transition goals, the key areas of medium term operational focus will be in the hotel sector, where the EBRD will continue to support projects that introduce international standard hotel management and service levels. The EBRD will pursue quality international city centre hotel opportunities, including mid range hotel developments in Kyiv, to promote better infrastructure in order to address growing demand from international business travelers. The EBRD will also identify opportunities to support hotel chains in major Ukrainian cities outside Kyiv, such as the privatization of city hotels in Odessa and Lviv as well as resort hotels in Crimea. The EBRD may also promote credit lines for smaller tourism projects as part of its effort to encourage small and medium-sized business development.

The warehousing and logistics market is also an important sub-sector. There is a significant potential for development, as most of the existing warehousing stock is inadequate for modern logistics management and proper storage. The evolution of local retailing is expected to contribute to growth in warehouse demand and development. The EBRD will selectively support projects that promote better office and retail infrastructure in response to proven demand. Factors constraining the development of suitable office and retail space include vague and inconsistent planning regulations, legal framework uncertainty, lack of transparency, and scarcity

of investment capital. Addressing these challenges will be critical in encouraging growth. In the property development sector, environmental due diligence will address environmental, health, and safety issues including life and fire safety issues in public buildings as well as adherence to national labor law and International Labour Organisation (ILO) conventions.

## **SECTION 5: STEPS FOR U.S. COMPANIES INTERESTED IN WORKING WITH THE EBRD IN THE PROPERTY AND TOURISM SECTOR**

U.S. companies can work with the EBRD as borrowers/investors in private sector projects; as suppliers of equipment and services to EBRD-financed public sector projects; and as consultants under the EBRD's Technical Cooperation program and EBRD-financed projects.

### **1. U.S. firms as Borrowers/Investors for Private Sector Sponsored Projects.**

U.S. firms sponsoring projects must be fully cognizant of the EBRD's mandate and criteria for projects and must have a well-prepared business plan that addresses the developmental mandate of the bank and financial risk.

Projects must clearly show the impact of the project on the transition of the economy and of course demonstrate that a sufficient revenue stream can be established to service repayments.

For more information on financing with the EBRD see the EBRD website, U.S. companies looking for financing for smaller projects should consider the Bank's alternative sources of finance:

<http://www.ebrd.com/apply/index.htm>

### **2. U.S. firms as bidders on tenders as contractors for equipment, works and services on EBRD financed public sector projects**

Successful U.S. firms need to be fully responsive and competitive in both the technical and financing portions of their bids. U.S. firms will be competing with other international firms who know the market and conditions very well.

For more information on procurement procedures, policies and rules see the EBRD website at <http://www.ebrd.com/about/policies/procure/index.htm>

### 3. U.S. firms as consultants and providing technical Services

The EBRD works with consultants in three ways: executing the EBRD's technical co-operation program, assisting in project preparation and implementation, and performing due diligence.

The EBRD does not maintain a register of consultants, and it is up to U.S. companies to be proactive in monitoring the EBRD web site for contract notices. For updates on new procurements and more information, see <http://www.ebrd.com/oppor/procure/opps/index.htm>

Doing business in Central and Eastern Europe and the CIS offers profitable opportunities for U.S. firms. The economic, political, and commercial environment, however, is diverse, complex, and difficult. Therefore, it is essential that U.S. firms seeking to access and penetrate this market develop an international marketing strategy. U.S. firms new to export, or new to this market are advised to contact the nearest U.S. Department of Commerce Export Assistance Center. U.S. firms new to the EBRD and new to the region, or wishing to enhance their commercial activities in the CEE and CIS, are encouraged to contact and register with the U.S. Commercial Service Liaison Office, EBRD, London, UK. AC-EBRD provides information on procurement processes, as well as services such as business facilitation, advocacy, and procurement review for U.S. firms. Contact information is provided at the end of this report.

# APPENDIX 1: EBRD INVESTMENTS IN PROPERTY AND TOURISM

As of 31 December 2004

Project	Country	Year of Signing (€000)	Project Value (€000)	Loan (€000)	Equity (€000)	Total EBRD Finance (€000)
Accession Fund	Regional	2004	75,000	0	75,000	75,000
Alpha properties	Poland	1999	52,816	9,325	0	9,325
Arka BZ WBK Property Market Fund	Poland	2004	11,091	0	11,091	11,091
Atrium	Poland	2000	80,980	14,500	0	14,500
Central business centre	Hungary	1994	18,467	4,857	996	5,853
Daugava Riga Radisson Hotel	Latvia	1994	31,360	8,792	0	8,792
Direct Investment Facility – Ala-Archa	Kyrgyz Republic	2001	1,452	0	808	808
Dom Development SA	Poland	2003	30,000	30,000	0	30,000
Europa distribution centre	Poland	2003	15,000	15,000	0	15,000
European Property Group	Czech Republic	1999	145,855	0	40,821	40,821
Europolis	Regional	2001	105,000	43,750	61,250	105,000
Europolis II	Regional	2004	75,000	55,000	20,000	75,000
Faure & Machet	Poland	1995	28,230	7,883	0	7,883
FM Russia	Russia	1997	35,170	8,792	0	8,792
Fusion Investment Company	Hungary	1992	18,708	0	2,980	2,980
Globe Trade Centre	Poland	2000	17,115	0	17,115	17,115
GTC House Belgrade	Serbia and Mont.	2003	16,930	5,080	0	5,080
Heitman Central Europe Property Partners Fund II	Regional	2000	34,564	27,804	27,804	27,804
Heitman Central Europe Property Partners Fund II	Regional	2002	38,231	38,213	38,231	38,231
Hotel Kyrgyzstan	Kyrgyz Republic	1997	17,219	5,862	0	5,862
Hotel Rogner	Albania	1994	22,769	16,113	2,040	18,153
IKEA Kommunarka shopping centre	Russia	2002	154,089	73,271	0	73,271
Italian-Romanian industrial development enterprise	Romania	1998	69,723	23,202	2,220	25,422
Landmark I (Neptun)	Azerbaijan	2003	4,543	2,271	0	2,271
Landmark II (Libra)	Azerbaijan	2003	2,931	1,465	0	1,465
Magyar Hotel	Hungary	1993	1,713	856	0	856
Nevsky Prospekt 26	Russia	1996	21,388	4,689	0	4,689
Orco Aparthotels	Regional	2003	17,706	0	14,429	14,429
Pannonia	Hungary	1993	44,135	0	6,250	6,250
Pioneer Poland Real Estate Fund	Poland	1997	485	0	485	485
Poland housing	Poland	1992	45,157	1,194	0	1,194
Polonia Property Fund	Poland	2003	125,000	0	25,000	25,000
Radisson SAS Kyiv II	Ukraine	1998	49,492	9,827	7,309	17,136

<b>Nevsky 49</b>	Russia	1998	23,330	10,624	0	10,624
<b>Nevsky Prospekt 25</b>	Russia	1994	3,376	0	3,376	3,376
<b>Private Equity Fund Facility – Trigranit</b>	Regional	1999	13,605	0	13,605	13,605
<b>Private Equity Fund Facility – Trigranit</b>	Regional	2001	4,069	0	1,635	1,635
<b>Tirana Hotel</b>	Albania	1993	18,367	10,036	831	10,867
<b>Towers</b>	Romania	2004	33,900	11,865	0	11,865
<b>TriGranit III</b>	Regional	2004	45,520	0	25,000	25,000
<b>TUI advance payments</b>	Regional	2003	41,200	41,200	0	41,200
<b>Turan Alem Towers</b>	Kazakhstan	1999	20,127	6,791	0	6,791
<b>Valdemara Centre</b>	Latvia	1996	14,356	4,887	0	4,887
<b>Victoria Centre offices</b>	Romania	2000	19,966	4,702	0	4,702
<b>Waresco</b>	Poland	1997	3,246	953	0	953
<b>Waresco</b>	Poland	1996	25,239	6,855	0	6,855
<b>Warsaw distribution centre</b>	Poland	1995	18,017	3,847	0	3,847
<b>Warsaw financial centre</b>	Poland	1996	86,423	14,207	0	14,207
<b>Totals:</b>			1,939,491	495,009	398,277	893,286



## APPENDIX 2: CONTACTS

### 1. Key EBRD Contacts:

All initial enquiries should be directed via the Commercial Service Liaison Office to the EBRD (AC-EBRD). The Commercial Service Liaison Office to the EBRD (AC-EBRD) is a central part of U.S. representation at the EBRD and works closely with the US Executive Director's office to promote and maintain effective U.S. participation in the EBRD. The AC-EBRD educates U.S. companies on how the EBRD works and explains to them how to participate in EBRD projects. AC-EBRD works closely with U.S. Companies offering guidance throughout the project cycle.

#### AC-EBRD

Gene Harris  
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Tel: +44 20 7588 8490  
Fax: +44 20 7588 8443  
Email: [Gene.Harris@mail.doc.gov](mailto:Gene.Harris@mail.doc.gov)

Or

Ms Gurjit Bassi  
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Fax: +44 20 7588 8443  
Email: [Gurjit.Bassi@mail.doc.gov](mailto:Gurjit.Bassi@mail.doc.gov)

The following are key EBRD contacts in the Property and Tourism Team. The Bank's mailing address is as follows:

European Bank for Reconstruction and Development  
One Exchange Square  
London EC2A 2JN  
United Kingdom  
Switchboard / central contact  
Tel: +44 20 7338 6000  
Fax: +44 20 7338 6100

**Project proposals**

**How to apply for EBRD finance**

Tel: +44 20 7338 7168

Fax: +44 20 7338 7380

Email: [newbusiness@ebrd.com](mailto:newbusiness@ebrd.com)

**Project enquiries**

**Information about existing projects**

Tel: +44 20 7338 6282

Fax: +44 20 7338 6102

Email: [projectenquiries@ebrd.com](mailto:projectenquiries@ebrd.com)

**Property and Tourism Team**

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Team Director

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**Specialized Industries Business Group**

Alain Pilloux

Business Group Director

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Anna Vlachochristos

Deputy Director

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Fax: +44 20 7338 6109

Email: [property&tourism@ebrd.com](mailto:property&tourism@ebrd.com)

**2. Other information resources that U.S. companies may find useful for this region:**

BuyUSA. BuyUSA is a service of the U.S Commercial Service of the U.S. Department of Commerce. Website: <http://www.Buyusa.com>

Business Information Service for the Newly Independent States, (BISNIS). Countries covered: Armenia, Azerbaijan, Georgia, Kazakhstan, Moldova, Tajikistan, Turkmenistan, Russia, Ukraine, and Uzbekistan. Website: <http://www.bisnis.doc.gov>.

Tel: + (202) 482-4655,

Fax: + (202) 482-2293.

**3. SME finance local banks and Micro-business banks contact list**

Web: <http://www.ebrd.com/apply/small/loan/index.htm>

### **3. Commercial Service Export Assistant Centers and Senior Commercial Officers**

#### **Albania**

American Embassy - Tirana  
Rruga Elbasanit 103, Tirana  
Tel: 355-42-47-285/286 x 3009  
Fax: 355-42-32-222  
Omer Dashi

#### **Armenia**

American Embassy - Yerevan  
18 Marshal Bagramian Avenue  
Yerevan 375019  
Tel: 374-1-521-611  
Fax: 374-1-520-800

#### **Azerbaijan**

American Embassy - Baku  
Azadliq Prospekti 83  
37007 Baku

#### **Bosnia and Herzegovina**

American Embassy - Sarajevo  
Foreign Commercial Service  
43 Alipasina St.  
Tel: 387-33-445-700  
Fax: 387-33-659-722  
Thomas Kelsey

#### **Bulgaria**

American Embassy - Sofia  
U.S. Commercial Service  
16, Kozyak St.  
1407 Sofia  
Tel: 374-1-521-611  
Fax: 374-1-520-800  
James Rigassio

#### **Croatia**

U.S. Commercial Service  
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Thomas Kelsey

#### **Czech Republic**

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Gregory O'Connor

#### **Estonia**

American Embassy  
US Commercial Service  
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Fax: 372-66 88 134  
Reene Sepp

#### **Hungary**

American Embassy - Budapest  
US Commercial Service  
Szabadsag Ter 7-9  
Bank Center, Granit Tower--1st Floor  
H-1054 Budapest  
Tel: 011-36-1-475-4090  
Fax: 011-36-1-475-4676  
Patricia Gonzalez

**Kazakhstan**

US Embassy Almaty  
U.S. Commercial Service  
Samal - 2, 97 Zholdasbekov St. - 11th fl.  
050099 Almaty  
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Mitchel Auerbach

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Reene Sepp

**Lithuania**

American Embassy  
US Commercial Service  
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2600 Vilnius  
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Fax: 370-2 222 779  
Jonas Vasilevicius

**FYR Macedonia**

U.S. Commercial Service  
Buf, ILINDEN, BB  
1000, Skopje  
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Arben Gega

**Poland**

U.S. Commercial Service  
American Embassy  
IPC Business Center  
Poznanska 2/4  
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Bucharest 020965  
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Cindy Biggs

**Russia**

*Moscow*  
American Embassy  
US Commercial Service  
23/38 Bolshaya Molchanovka  
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Moscow, 121069  
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Fax: 7-495-737-5033  
Dorothy Lutter

***St. Petersburg***

U.S. Consulate General  
U.S. Commercial Service  
25 Nevsky Prospect  
St. Petersburg, 191186  
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Keith Silver

***Vladivostok***

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32 Pushkinskaya Street  
Vladivostok 690001  
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Irina Konstantinova

**Serbia and Montenegro**

U.S. Embassy  
Kneza Milosa 50  
11000 Belgrade  
Tel: 381-11-306-4800  
Fax: 381-11-361-7582  
Maria Andrews

**Slovak Republic**

US Commercial Service  
Panska 14  
811 01 Bratislava  
Tel: 421-2- 5920 5311  
Fax: 421-2- 5920 5333  
Sanford N. Owens

**Slovenia**

U.S. Commercial Service  
American Embassy Ljubljana  
Presernova 31, Ljubljana  
Tel: +386 1 200 55 37  
Fax: +386 1 200 56 50:  
John Nylin

**Turkmenistan**

American Embassy Ashgabat  
9 Pushkin Street  
Ashgabat 744000  
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Fax: 99312-51-1305

**Ukraine**

U.S. Commercial Service  
4th floor, Artyom Business Center  
4 Hlybochytska Vul., Kyiv, 04050,  
Ukraine  
Tel: (44) 490-4058  
Ruben Baliaev

**Uzbekistan**

Economic Section  
41 Buyuk Turon Street  
Sharq Building  
Tashkent, 700000  
Tel: 998-71-120-5450  
Fax: 998-71-120-6335

**5. List of EBRD Countries of Operations, including contact details for Resident EBRD offices in each country.**

**Albania**

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Tel: +355 42 32898  
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Head of Office: Murat Yildiran

Fax: +387 33 667 950  
Head of Office: Aygen Yayikoglu

**Bulgaria**

17 Moskovska Street  
1000 Sofia  
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Tel: +359 2 9321 414  
Fax: +359 2 9321 441  
Country Director: John Chomel-Doe

**Armenia**

20 Bagramian Avenue  
375019 Yerevan  
Armenia  
Tel: +3741 540 425  
Fax: +3741 540 430  
Acting Head of Office: Michael  
Weinstein

**Croatia**

Petrinjska 59  
5th Floor  
10000 Zagreb  
Croatia  
Tel: +385 1 4812 400  
Fax: +385 1 4819 468  
Head of Office: Charlotte Ruhe

**Azerbaijan**

Landmark I, 4th Floor  
96 Nizami Street  
370010 Baku  
Azerbaijan  
Tel: +99 412 971 014  
Fax: +99 412 971 019  
Head of Office: Raymond Conway

**Czech Republic**

Husova 5  
110 00 Prague 1  
Czech Republic  
Tel: +420 222 814 555  
Fax: +420 222 814 522  
Country Director: Alexander Auboeck

**Belarus**

Gertsena 2  
220050 Minsk  
Belarus  
Tel: +375 172 110 370  
Fax: +375 172 110 410  
Country Director: Mike Davey  
(based in Headquarters)

**Estonia**

Roosikrantsi 11  
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Head of Office: Timo Hartikainen

**Bosnia and Herzegovina**

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**Georgia**

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380002 Tbilisi  
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Fax: +995 32 923 845  
Head of Office: Nikolay Hadjiyski

**Hungary**

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1072 Budapest  
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Fax: +36 1 486 3030  
Head of Office: Zsuzsanna Hargitai

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Country Director: André Kütösvek

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Fax: +373 2 210 011  
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**Poland**

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Fax: +48 22 520 5800  
Country Director: Malgorzata  
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**Romania**

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Fax: +40 21 202 7110  
Country Director: Hildegard Gacek

**Russia**

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Fax: +7 095/501 787 1122  
Country Director: Victor Pastor

***Russian regional office:***

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191186 St Petersburg  
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Fax: +7 812 103 5526  
Head of Office: Tetsuya Uchida

***Russian regional office:***

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690003 Vladivostok  
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Fax: +7 4232 51 77 67  
Regional Representative: Elena Danysh

***Russian regional office:***

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World Trade Centre  
44 Kuibishev Street  
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Fax: +7 34 32 59 61 51  
Regional Representative: Artyom  
Sitnikov

**Serbia and Montenegro**

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Chaffey

**Kosovo office**

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**Slovak Republic**

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**Slovenia**

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235/249 051  
Fax: +992 372 219 832  
Head of Office: Fernand Pillonel

**Turkmenistan**

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744000 Ashghabat  
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Head of Office: Tony Myron

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**Uzbekistan**

International and Banking

Financial Centre

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## SOURCES

EBRD Property and Tourism Brochure: <http://www.ebrd.com/pubs/cs/5471.pdf>

EBRD Property Operations Policy:  
<http://www.ebrd.com/about/policies/sector/property/property.pdf>

EBRD Case Studies: <http://www.ebrd.com/projects/case/index.htm>

Discussions with EBRD Property and Tourism Team members.